

## ASX Announcement

29 November 2018

ASX: OEX  
AIM: OEX

### AGM Chairman's Address

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Please find following a transcript of the Chairman's address to be tabled at the Annual General Meeting later today.

**For and on behalf of the Board**

**Mark Bolton**  
**Chief Financial Officer and Company Secretary**

For further information, please contact:

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**Chairman's Address  
Annual General Meeting  
29 November 2018**

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Dear Shareholders,

The 2018 financial year has seen the Company deliver on many essential outcomes, as well as undertake many difficult challenges in our pursuit of the development of the Cambay project in India.

The Company has a significant multi TCF potential gas resource at the Cambay PSC in Gujarat state in India in the EP-IV tight siltstones that requires drilling and stimulation optimisation technologies to achieve commercial flow rates. The Company's previous attempts to exploit this resource were only partially successful.

In August 2017, Schlumberger, Baker Hughes GE and ODSI completed a technical evaluation to derive an optimal well and stimulation design. Schlumberger and Baker Hughes also completed the core analysis and analyzed the reasons for under-performance of past wells. Notably, the review confirmed that the EP-IV tight siltstones can be effectively stimulated and that commercial gas flow rates are potentially achievable.

Following the encouraging results from the technical review, in September 2017 the Company completed a Field Development Plan and applied for a ten-year extension to the Cambay PSC. In April 2018, the Company received notification from the Ministry of Petroleum and Natural Gas that it had approved the proposal for the grant of ten-year extensions to both the Cambay and Bhandut PSCs. Securing this extension was important to regaining momentum in the Company's key asset at Cambay.

Unfortunately, following the extension approval, the Company was not able to gain alignment with its JV partner on how to progress with the development of Cambay. In May 2018, the Company having considered that it had exhausted all other avenues, issued an Event of Default Notice to Gujarat State Petroleum Corporation (GSPC) and then subsequently sought the transfer of GSPC's participating interest in the Cambay PSC to Oilex in accordance with the provisions of the Joint Operating Agreement. Subsequently, GSPC commenced legal action to delay the transfer, initially with an ex-parte Order from the High Court of Gujarat followed by commencement of arbitration proceedings in November 2018.

Cambay is an important national asset of India and the Company fully intends to meet its undertakings to the Government of India and contribute to India's energy security. While the Company is confident, having taken external legal advice, that it has followed the correct legal process to ultimately facilitate the development of Cambay, we believe that a lengthy legal dispute is not desirable for any party. Accordingly, the Company is presently in discussions with GSPC and the Government of India to seek a commercial resolution. Importantly, in meetings earlier this week, there is alignment between both GSPC and Oilex to avoid arbitration if possible.

While OEX remains optimistic that a commercial resolution can and should be achieved and is working towards that end, there is no certainty for the timing or the outcome. Accordingly, we will continue to update the market from time to time.

Importantly, it is essential that Company retains supportive shareholders as we navigate through these final hurdles. In late 2017, the Company gained a new cornerstone shareholder, Republic Investment Management. In December 2017 Republic agreed to participate taking up an initial 7% interest in Oilex. Republic continued their support of the Company in May, July and then also September 2018. Republic currently has a shareholding of 9.7% in the Company, as well as advancing loans to the Company.

The support by all shareholders, including Republic, is appreciated by your Board and is seen as a vote of faith in the direction of your Company.

Finally, on behalf of the Board, I wish to thank our staff, contractors, local communities, shareholders and stakeholders for their ongoing support.